



# Wyoming Retirement System

*Partnering to Build Financial Security for Members and their Families*

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## Frequently Asked Questions about 457 Plan Menu Changes Coming Oct. 3, 2016

### Q1. Why is WRS changing the investment options in the WRS 457 Plan?

**A1.** The Wyoming Retirement System Board is very keen on its fiduciary responsibility and spent about two years studying ways to design its investment menu to support improved retirement outcomes for participants. When we studied data on how our participants were invested, we learned most were not appropriately diversified across asset classes or according to age. WRS followed industry best practices, which encourage the three-level investment menu. The new funds were developed by the WRS Investment Team and an independent investment consultant, and were constructed to consider expected returns, risk, and fees for the benefit of plan participants.

The custom multi-manager funds were renamed to indicate their primary asset class exposure. Most of the new funds being offered are comprised of multiple underlying external investment managers. You can learn the specifics of each fund at <http://retirement.wyo.gov/dc/index.html>.

### Q2. How do the fees on the new funds compare to those of the outgoing funds?

**A2.** In most cases the fees of the new funds are lower than the outgoing funds. The below table shows the fee comparison:

NEW FUND	FEE	OUTGOING FUND & FEE
WRS Capital Preservation Fund (SVF)	0.38%	Stable Value Fund 0.38% JP Morgan Prime Money Market 0.21%
WRS Fixed Income Fund	0.42%	Dodge & Cox Fixed Income Fund 0.44%
WRS Real Asset Fund	0.56%	PIMCO All Asset Fund 0.88%
WRS U.S. Large Cap Equity	0.015%	BlackRock Russell 1000 Growth 0.07% TRP Equity Income Fund 0.66% GE US Equity Fund 0.37% SSgA S&P 500 0.06% Oppenheimer Global 0.71%*
WRS International Equity Fund	0.63%	Dodge & Cox International Value 0.64% Artisan International Growth Fund 0.90% Oppenheimer Global 0.71%*
WRS Domestic Small/Mid Cap Equity	0.58%	Artisan Mid Cap 0.95% Vanguard S&P Mid Cap 400 0.08% TRP New Horizons Fund 0.65% TRP Small Cap Value 0.80%

\*Oppenheimer Global Invests in both Large Cap and International equities

**Q3. Can the Wyoming Retirement System Board change investments and require participants to move assets?**

**A3.** The WRS Board has the authority and responsibility to establish the investment menu for the 457 plan, and has made changes on many occasions. When there is an investment menu change, it may require transferring from existing funds to new funds and this is always very carefully considered and participants are given notice 60 days in advance. Although the change may be a temporary inconvenience, it is offset by the potential for improved investment outcomes. The transfer or “mapping” in September will transition participants’ investments to similar asset classes as they are invested currently to maintain market exposure.

**Q4. Why is the fee for the new WRS Small/Mid Cap more than the outgoing Vanguard S&P Mid Cap 400 Value Index Fund?**

**A4.** The Vanguard S&P Mid Cap 400 Value Index Fund is a passively managed fund, meaning the fund mimics the individual security holdings of an index referenced in the fund’s name. Passively managed funds typically have lower fees than actively managed funds; however, an index fund is not designed to outperform its index. The small/mid cap area of the market is where our investment consultants found potential value in mixing passive and active managers; the addition of active managers increases the fees, yet also provides the opportunity for outperformance.

**Q5. What if I don’t want to move to the new WRS funds?**

**A5.** The forthcoming changes to the investment menu being implemented by WRS require either a full or partial redemption from existing investments and a subsequent immediate repurchase of the new investment options. Due to it being a plan-wide change, all participants who currently invest in the core investment menu will undergo a transition unless they elect to opt out and transfer their assets to one of the Target Retirement Date funds or the Stable Value Fund prior to 2 p.m. Mountain Time on Friday, Sept. 30, 2016. This process is often referred to as an investment fund “mapping” event, a process often used by plan sponsors across retirement plans.

**Q6. Does WRS get paid for the new WRS funds?**

**A6.** No, the funds being offered in the new core investment menu (Level 2) are externally managed funds. WRS does not receive any investment management fees for the new options.

**Q7. How can I look at the Self Directed Brokerage investment options prior to Oct. 3, 2016?**

**A7.** You can check on the mutual fund families available via TD Ameritrade at: <https://research.tdameritrade.com/grid/public/mutualfunds/fundfamilies/fundfamilies.asp>.

**Q8. Can the WRS Staff help me establish my TD Ameritrade account?**

**A8.** Participants will be required to establish their own TD Ameritrade accounts and transfer assets from their 457 account.

**Q9. Can WRS Staff provide information on mutual funds available in the Self Directed Brokerage Option?**

**A9.** No, although a Self Directed Brokerage option is being added as an investment alternative, the participant using this service will have an account relationship directly with the SDB provider the Plan has chosen, TD Ameritrade. The Self Directed Brokerage option is intended for very knowledgeable and experienced investors. Those choosing to use this option will need to review and understand the mutual funds in the TD Ameritrade option, as well as understand potential restrictions and fees associated with transactions.

**Q10. Will I receive dividends when invested in the new WRS funds?**

**A10.** WRS carefully planned the transition to the new funds so participants will receive third quarter dividends from the outgoing funds prior to the mapping of assets to the new funds.

If an underlying fund that comprises one of WRS’ new fund-of-funds pays a dividend, the dividend income will be paid to the WRS fund and increase its unit value; however, participants will not see a separate deposit for dividend payments.